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Small Border Traffic with Kaliningrad: Challenges, Opportunities, Threats

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Small border traffic (SBT) between the Republic of Poland and the Russian Federation has proved to be a success story in its social, economic and cultural dimensions. Issuing local residents with permits to cross the border between Russia's Kaliningrad region and several counties in Poland's Pomorskie and Warmińsko-Mazurskie voivodships has boosted mutual contacts, benefitted the tourism and retail sectors, and spurred scientific collaboration, youth exchanges, and cooperation among NGOs. Fears of increased crime in border regions or violations of the SBT agreement proved unfounded. At the same time, SBT has revealed an array of challenges facing both countries, including a need for the expansion of border crossing infrastructure and deepening regional and intergovernmental cooperation, especially with the eventual start of visa-free traffic or for such events as the World Cup finals in Russia in 2018.

With the blessing of the European Commission, EU Member States are authorised to sign agreements on small border traffic (SBT) with neighbouring non-EU countries. Under these agreements, local residents living within 30 km (or, in special cases, within 50 km) of their countries' boundaries can receive permission to cross the border and even remain in the other country's border area for social, cultural, family-related or warranted economic purposes.¹ Poland has so far signed three SBT agreements: with Ukraine (which took effect on 1 July 2009), the Russian Federation (in effect since 27 July 2007), and Belarus (but since 2010 Poland has been waiting to receive the ratification note).

The legal arrangement for an SBT zone for the entire Kaliningrad region and nearby areas in Poland was a joint initiative of both countries, which agreed that the exclave's special status warranted transgressing the confines of Regulation (EC) No 1931/2006 of the European Parliament and Council of 20 December 2006 laying down rules on local border traffic at the external land borders of the Member States and amending the provisions of the Schengen Agreement.²

Consequently, the SBT agreement on local border traffic with the Kaliningrad region comes as an exception to rules previously followed in the European Union. The agreement covers areas wider than defined in the Regulation: all of the Kaliningrad region and parts of two voivodships in Poland, Warmińsko-Mazurskie (including the cities of Elbląg and Olsztyn and the counties of Elbląski, Braniewski, Lidzbarski, Bartoszycki,

¹ Ministry of Foreign Affairs, "Mały ruch graniczny," www.msz.gov.pl/pl/informacje_konsularne/maly_ruch_graniczny.

² Reply by the Polish Secretary of State at the Ministry of Foreign Affairs to MP question No 21819 concerning the consequences of the whole territory of the Kaliningrad/Królewiec region being covered by the agreement on local border traffic, <http://orka2.sejm.gov.pl/IZ6.nsf/main/4D8F5EF0>.

Olsztyński, Kętrzyński, Mragowski, Węgorzewski, Giżycki, Gołdapski, and Olecki) and Pomorskie (including Gdańsk, Gdynia and Sopot and the counties of Gdański, Nowodworski and Malborski).

Still “there are zones in the Kaliningrad Region where entry by foreign residents is legally restricted and where special additional permits are required. Similar procedures are in force in areas surrounding military units, protected objects, and military organisations and formations. Not all zones are visibly marked. The SBT permit allows holders to visit the Russian Federation’s border zones in Kaliningrad region without having to obtain additional permits, with the exception of the zone situated between the state border and the line of engineering and technical equipment, and also with the exception of a 100-meter zone along the Neman River.”³

Regarding to the area included into SBT between Poland and Russia’s Kaliningrad region the agreement covers up to 2.8 million people, including 941,500 Russians and 1,900,000 Poles.

According to the rules: “The local border traffic permit authorises the holder to make multiple entries, exits and stays exclusively in the Kaliningrad region, each time for up to 30 days counted from the day of entry. The combined time of stay must not exceed 90 days in the period of each six months, counted from the day of first entry. The local border traffic permit is not a visa, and does not authorise the holder to enter any Russian Federation entity other than the Kaliningrad region.”⁴ The SBT permit also does not permit employment, business activity or other monetary transactions related to work or earnings.

Border Crossings: Kaliningrad

Between 27 July 2012, when the agreement came into force, and 31 August 2013, the Polish Consulate-General in Kaliningrad accepted 131,856 SBT applications from Russians and issued 117,096 SBT permits. The Russians issued 30,000 permits for Poles, including 16,000 in 2013.⁵ However, SBT is not the direct cause of the robust growth in overall border traffic reported after 2011. According to data from the Polish Border Guard, registered crossings at the border with the Kaliningrad region amounted to:

- 2010: 1,451,492
- 2011: 2,373,517
- 2012: 4,073,142 (including 107,809 as part of SBT)
- 2013 (H1): 2,745,053 (310,860 as part of SBT).⁶

As things stand, the growing number of SBT permit holders matches up with the amount of passport-based traffic replaced by permit-based traffic. Among the four border crossing points for road traffic on the border with the Kaliningrad region, the most popular are Grzechotki-Mamonovo II and Gronowo-Mamonovo (which attract traffic from the Gdańsk/Gdynia/Sopot area), while Bezledy-Bagrationsk and Gołdap-Gusev report less intense traffic. The Gronowo outpost is estimated at 90% of target capacity, while Grzechotki and Bezledy are at 60% each, and Gołdap is at 40%. Occasionally, those crossing points—especially Gronowo and Grzechotki—have to cope with more than 100% of capacity, especially on SBT-intense Saturdays and Sundays, when the number of car crossings greatly exceeds target capacity (e.g., up

³ MFA, “Mały ruch graniczny,” *op. cit.*

⁴ *Ibidem*. See also: “The Agreement between the Government of the Republic of Poland and the Government of the Russian Federation on the principles governing local border traffic, dated 14 December 2011,” *Dziennik Ustaw* 2012 No. 0 item 814, <http://isap.sejm.gov.pl/DetailsServlet?id=WDU20120000814>.

⁵ “MPP: perviyetogi” http://kaliningradka.ru/site_pc/region/index.php?ELEMENT_ID=10839.

⁶ Data from the Polish Border Guard statistical bulletin, *Statystyki SG*, www.strazgraniczna.pl/wps/portal/tresc?WCM_GLOBAL_CONTEXT=pl/serwis-sg/polskie_formacje_graniczne/statystyki.

to 3,500 cars crossings may be processed on such days at Bezledy-Bagratiionovsk, which was designed for traffic of 900 cars a day).

Economic and Social Benefits

The agreement on local border traffic has had profound consequences for people-to-people contacts, cooperation locally, commerce, and tourism.

One direct result of the SBT agreement is an increase in consumer trade in the border areas covered by the agreement. Between 1 January 2013 and 15 August 2013, the Polish Border Guard processed 56,722 tax-free receipts for a combined amount of PLN 65 million (vs. 4,484 tax-free receipts in 2010 and 40,126 in 2012).⁷ It should also be noted that tax-free receipts are made out only for purchases exceeding PLN 200 in value, and not all retailers issue such receipts; moreover, hotel accommodation and restaurant services are not VAT-refundable, which means that the actual amount spent by Russians in Poland is several times higher. According to estimates by Poland's Central Statistical Office (GUS) for Q1 2013, SBT-permit holders from Russia spent PLN 113.2 million, or 89.6% more than in the same period of 2012, which was prior to the SBT agreement. The corresponding amount spent by Polish SBT-permit holders in Kaliningrad was PLN 96 million (higher by 95.5%).⁸ In the second quarter of 2013, Russians spent PLN 124.8 million in Poland (up 54.8% compared to the same period of the previous year when the SBT agreement was not yet in force), while Poles spent up to PLN 87.6 million (up 47.2%) in Kaliningrad region.⁹ The combined figures for the first half of 2013 are: at least PLN 238 million spent by Russians in Poland and at least PLN 143.2 million spent by Poles in Russia. Importantly, Russian visitors, who in the vast majority are residents of Kaliningrad region, accounted for 6.1% of total spending by foreigners in Poland between January and June 2013. Meanwhile, expenditures made by Poles visiting Kaliningrad represented as much as 49% of all reported expenditures by Poles crossing any Polish land border.¹⁰ This contravenes the Russian claims that the Polish party is the only one to enjoy commercial benefits from the LBT agreement; and it also testifies to Kaliningrad's economic potential and attractiveness for Poles.

In the social dimension, SBT has stirred up interest in Poland among the exclave's population. The biggest beneficiary proved to be Gdańsk (and more broadly, the Tri-Cities area), especially after Russians began noticing historical similarities between Gdańsk and their region's capital. Similarly, Gdańsk inhabitants, too, began taking an interest in Kaliningrad, even if perhaps to a somewhat lesser degree. Tourist information data indicate that the inflow of Russian visitors to Poland rose three and half times after July 2012 (the peak of the holiday season) and stayed at increased levels through winter. A study conducted in Gdańsk found that more than 70% of Russian tourists were from Kaliningrad, and around a quarter of Russian respondents were in Gdańsk for the first time, while nearly one-third were regular visitors to the city. Short-term stays (of up to three days) predominated, with more than half of the visitors to Gdańsk being day-trippers. Shopping proved to be the main motive for visiting among those questioned, nearly all of whom declared the intent to re-visit the city soon. More than a half of the Russian visitors held SBT permits.¹¹ In Gdańsk itself, the local retail and services sector was observed to be swiftly fine-tuning its offers to suit the requirements of Russian-speaking customers. On both sides of the border, the more intense people-to-people contacts have fuelled demand for courses to learn the others' language. Cultural and scientific cooperation is another beneficiary, as reflected in youth exchanges involving primary and

⁷ Data supplied by the Customs Chamber in Olsztyn.

⁸ Central Statistical Office (CSO), Rzeszów Branch, "Badanie obrotów towarów i usług na zewnętrznej granicy Unii Europejskiej na terenie Polski," Q1 2013, www.stat.gov.pl/cps/rde/xbcr/gus/pm_badanie_obrotu_tow_uslug_w_ruchu_granicz_lkw_2013.pdf, p. 2.

⁹ CSO, Rzeszów Branch, "Badanie obrotów towarów i usług na zewnętrznej granicy Unii Europejskiej na terenie Polski, Q2 2013," www.stat.gov.pl/cps/rde/xbcr/gus/pm_badanie_obrotu_tow_uslug_w_ruchu_granicz_llkw_2013.pdf, p. 2.

¹⁰ CSO, "... Q2 2013," *op. cit.*, pp. 2–3.

¹¹ Data obtained during interviews conducted in Gdańsk in October 2013; findings of a study conducted by Gdańsk City Hall in cooperation with the Foreign Languages Department of Gdańsk University (questionnaire given to Russian visitors to Gdańsk).

secondary school pupils in the SBT zones, collaboration between universities and NGOs, and contacts even on such issues as urban renewal and gentrification.

The launch of SBT has also revealed the enormous flexibility of the services sector (hotels, retail chains, restaurants), which promptly adjusted to Kaliningrad customers, introducing Russian-language services and signage. Russian even was added to road signs in Warmińsko-Mazurskie and Pomorskie, and as an indirect result of the increased Russian visitors, the Lech Wałęsa Airport in Gdańsk now has plans to introduce an information service in Russian.

Other welcome outcomes have included the greater intensity of trade contacts (such as study visits by hoteliers and restaurateurs); expansion of recreational facilities, especially in Warmińsko-Mazurskie; and tighter cooperation among local self-government administrations (again, especially in Warmińsko-Mazurskie), most notably in transport and tourist infrastructure. One example here is the establishment of the Mazurskie Tourist Cluster, where a major goal is to exchange information about the Russian market.¹² Local governments also coordinate their activities with respect to future projects such as the construction of a biking route along the northern counties of Warmińsko-Mazurskie. Across the voivodship lines, though, cooperation between the local governments in Warmińsko-Mazurskie, on the one hand, and Pomorskie, on the other, is not yet effective—even though SBT-related issues will increasingly require it.

The local border traffic and increased contacts with Poles have influenced the social awareness of Kaliningrad residents, who began pushing their local authorities to take up projects improving the quality of life in the region. Examples of this include road repairs, such as the modernisation of the “Berlin highway,”¹³ which will be almost fully financed from EU coffers. It also looks as if the increased people-to-people contacts have influenced Kaliningrad inhabitants’ sense of self-identification—they more frequently describe themselves as Kaliningradans than Russians.

The local border traffic agreement and the increased two-way flows of people have brought about wider cooperation between the Polish and Russian border guard forces, and a number of border crossing formalities were simplified. On the Russian side, this includes the automatic printing of migration cards for incoming visitors (this system is only deployed at some terminals in Moscow’s Sheremetevo and Vnukovo airports) and streamlined processing of SBT visitors entering the region by their own vehicle (the temporary car entry declaration is valid for a month and only has to be stamped on each arrival, thus saving on border-clearance time). The arrangements introduced by the Polish services include e-booking (online notifications by organised visitor groups of their intended arrival time at a Polish land-border crossing point);¹⁴ e-customs, which involves several systems, such as advising a border customs office of a merchandise shipment and return notification from the customs office when the merchandise moves out of the Community’s customs area;¹⁵ and electronic registration of invoices under the Tax Free system.¹⁶ These facilities have perceptibly cut down the time for border clearance to 40 seconds for SBT-permit visitors and to three minutes for those on other documents. CCTV cameras are now installed at the border crossing points and every traveller can check the situation on an ongoing basis, using websites such as <http://www.granica.gov.pl>.

Adverse Consequences

The biggest fears inspired by the SBT agreement prior to its entry into force included increased smuggling, Russians illegally remaining in Poland, abuse of SBT permits for the purposes of illegal employment, or

¹² “Mazurski Klaster Turystyczny,” <http://it.mragowo.pl/mazurski-klaster-turystyczny-zapraszamy-do-wspolpracy,1,2302,pl.html>.

¹³ The Berlin Highway was a colloquial designation for a German motorway from Berlin to *Königsberg*, whose construction began prior to World War II. Following the road’s reconstruction, it will be a continuation of the Polish S7 highway.

¹⁴ Customs Service’s e-booking Web Portal, <https://granica.gov.pl/ebooking>; and https://granica.gov.pl/ebooking/ulotka_pl.pdf.

¹⁵ Customs Service, Customs Systems Web Portal, <http://www.e-clo.pl>.

¹⁶ Customs Service Web Portal, “Zwrot VAT dla podróżnych” <https://granica.gov.pl/TaxFree/index.php?v=pl>.

increased crime in the border areas. Polish Border Guard statistics indicate, however, no such developments have actually taken place. Importantly, throughout its operation, the SBT agreement was found to have been violated in only seven cases involving 15 adults and two children (including one case of an overstay and six cases of moving beyond the LBT zone).¹⁷ A relative few more violations were recorded in terms of customs regulations: there were 8,000 violations in the first half of 2012 (before the SBT agreement entered into force); 7,900 in the second half of 2012; and an increase by some 30% to around 10,000 in the first half of 2013, reflecting the increased numbers of visitors and customs inspections.¹⁸ Most of these violations involved cigarettes.

Initial fears of rising levels of petty crime (especially theft) in the Polish SBT areas was not confirmed. Still, the higher flows of Russian citizens entering Poland did produce increased levels of incidents in which Russians were involved (theft, road incidents). But this increase was disproportionately lower than the increase in intensity of border traffic: for example, in 2012 Russian citizens were cited in 16 road accidents throughout Poland, or just a few compared to the additional number of Russians coming through the border crossings.¹⁹

There were also no reports of SBT violations by Poles or of any increase in petty crime or road accidents involving Poles on the territory of the Kaliningrad region.²⁰

The Polish Border Guard's concerns that the open borders would lead to higher levels of border crime, smuggling, and greater numbers of people seeking to cross the border illegally proved unfounded. Poland also did not experience the same level of problems on the borders as seen in Lithuania, where 78 and 63 illegal border violations were reported in 2011 and 2012, respectively.²¹ And in Lithuania, contraband is a problem of national proportions, mostly involving cigarettes and petrol brought from Russia.

On the Russian side of the border, one of the few adverse consequences of SBT has been an increase in the outflow of fuel, carried out of the region by Poles. This seems to be confirmed by numbers from the Polish Border Guard, whose officers between 27 July 2012 and 1 July 2013 imposed customs duties on petrol brought into Poland by 2,000 Poles and 60 Russians. These decisions, involving fines on motorists, are taken under an administrative procedure (which makes them appealable to the administrative court) and, importantly, they do not bar those involved from crossing the border again. Searches for fuel are usually made outside the clearance zone, which helps to prevent congestion at the border crossing point. The Polish Customs Service also has mobile inspection teams, patrolling border-area localities and looking for illegal fuel-storage tanks or cigarette distribution warehouses.²² The rise in these violations has been less than proportional to the traffic.

Conclusions and Recommendations

The local border traffic with the Kaliningrad region has proved to be a success, both economically and socially. On the surface, it might appear that Poland has the upper hand, with higher retail sales and receipts from hotel and service establishments catering to increased inflows of Russian tourists. But benefits were seen by the Russian partners, too, in the form of more intense people-to-people contacts, higher numbers of joint NGO projects, closer border guard cooperation and expanded border-crossing infrastructure.

¹⁷ Polish Border Guard data obtained in an interview conducted on 10 October in Kętrzyn.

¹⁸ Polish Customs Service data obtained in an interview conducted on 9 October in Olsztyn.

¹⁹ Data from Polish Police Headquarters, dlakierowcow.policja.pl/download/15/107797/Segregator1.pdf, p. 78.

²⁰ Data from Polish Consulate-General in Kaliningrad.

²¹ Valstybės sienos apsaugos tarnyba prie Lietuvos Respublikos vidaus reikalų ministerijos, www.pasienis.lt/lit/Uzfiksuoti_valstybes_sienos_pazeidimai/142.

²² Polish Customs Service, "Braniewo: 'Zlewnię paliwa zlikwidowali funkcjonariusze Służby Celnej,'" www.mf.gov.pl/sluzbacelna/wiadomosci/aktualnosci.

But for border traffic to continue growing, changes in border infrastructure alone will not suffice; what is also needed is deeper collaboration among the border guard forces, expansion of tourist infrastructure, and cooperation between local governments—inside both Poland and the Kaliningrad region.

The increased tourist traffic on the Polish-Russian border has placed a heavy burden on the existing border crossing points, which will require expansion in the years ahead—and especially the removal of “bottlenecks”, such as those at the Grzechotki crossing point, which has nine access lanes but only two lanes on the road between the Polish and Russian clearance stations.

Warmińsko-Mazurskie, local authorities have lobbied for a fuller utilisation of railway and bus transportation, but because of tight budgets, both the Polish Border Guard and Customs Service argue that emphasis should be placed on the expansion of existing infrastructure. The Russian partners, too, are firmly in favour of expanding the existing facilities.

In these circumstances, consideration should be given to broadening SBT²³ to include the right to cross the border by sea and by air. That would provide a boost to seaborne tourism (and to the port in Frombork), as well as offering new opportunities for airports in Gdańsk and Szymany. Such proposals have also increasingly been voiced by the tourist industry, which is vitally interested in the idea. Other local government proposals include a return to “regionalisation-free” arrangements in Polish procedures for visas issued to Russians, which would allow the consulate in Kaliningrad to provide visas to Russians who reside in other entities of the Russian Federation.

In this respect, Poland is likely to enlist the support of Finland, which has been watching local border traffic with Kaliningrad with growing interest.²⁴ Finland has studied the Polish experience with this SBT launch and noted the higher spending on border infrastructure expansion and increased control of foreign visitors inside the country, and has for some time expressed a willingness to introduce visa-free traffic with the Russian Federation. A total of 12 million border crossings by foreign visitors were reported on Finland’s eastern border this year (an annual increase of some 10–15%), with Russian visitors bringing in some €1.1 billion a year. Both Poland and Finland are interested in changing the EU regulations on local border traffic on external land borders and broadening SBT to include crossings by sea or air. But faced with a choice between broadening the SBT area to cover the entire Warmińsko-Mazurskie voivodship on the one hand and, on the other, extending border crossing rights to include sea and air transits, the Polish central and local government should opt for the former.

Given the increasing throughput at the Polish-Russian border crossing points, the Polish Border Guard and Customs Service should take a more flexible approach, and consideration should be given to the idea of conducting joint border clearance (as already implemented on the Ukrainian border during the Euro 2012 soccer championship) and doing away with the practice of some procedures being doubled by the Polish Border Guard and by the Customs Service. The Polish Border Guard should also embrace the facilities already introduced by the Customs Service, such as electronic notification of incoming buses (e-booking) or electronic VAT-refunds.

These two Polish services must also be prepared for a possible increase in the incidence of petty crime in which the victims are Russian Federation citizens, which will require Polish police officers to receive training in Russian and on cooperation with their Russian counterparts. This seems to be a feasible goal given the positive experiences gained so far in the Polish-Russian collaboration, especially at the regional level.

The requirements for increased cooperation among the border services and the police, and the expansion of the existing border infrastructure will assume still greater urgency in the context of the possible introduction of visa-free movement of people, which is being sought by the Russian partners.

²³ Under the regulations currently in force, LBT permits are honoured at crossing points on land borders only.

²⁴ Päivi Nerg, Permanent Secretary at the Finnish Ministry of the Interior, paid a visit to Warsaw on 24 September, to meet Head of the Office for Foreigners, Rafał Rogala, and officials at the Ministry of Internal Affairs and Border Guard.

In the context of the planned 2018 World Cup of football, thought should be given to the idea of a support system for small and medium-sized enterprises intending to invest in Russia. This would include earmarking funds for government guarantees and endorsements, and mapping out the Russians' actual demands. In the Kaliningrad region, the demand in the lead-up to the football World Cup is likely to be generated mostly by the construction industry (stadiums, hotels, access and transport infrastructure), and in other areas, such as urban renewal and gentrification.

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